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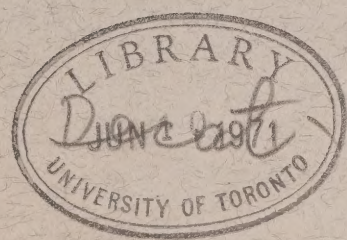
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IMPLICATIONS FOR THE SOCIAL SERVICES
IN
PORT ON DOMINION-PROVINCIAL RELATIONS

II
Administrative Implications
re
employment Insurance, Employment
Services and Unemployment
Aid



The second in a series of six monographs
published by
THE CANADIAN WELFARE COUNCIL
COUNCIL HOUSE
OTTAWA

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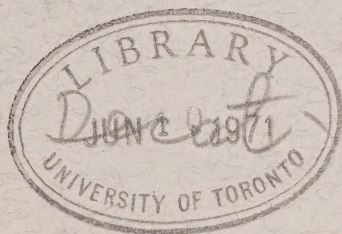
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Foreword

IN 1935, the annual report of the Canadian Welfare Council closed:

"There is no more immediate problem before the Canadian people today than the entire scientific reorganization of our cluttered social services, and their co-ordination to meet the need of social security within the economic capacity of the country to provide. Statesmanship of the highest order, and wise intelligent executive administration alone can bring our people out of their need, without grave loss to all future time. The whole situation demands a competent national investigation into the causes, extent, and costs of social dependency in Canada today. That Inquiry should be representative of federal and provincial authorities, and of voluntary services. It should have no strictures placed upon it as to its right of inquiry into any phase of social dependency to which public funds contribute. Its findings should be addressed to the people of Canada, and its recommendations, respectively directed, by mutual prior agreement, to federal, provincial, municipal and voluntary effort, as the highest public interest and effective treatment of different social problems might require."

In 1937, the Royal Commission on Dominion-Provincial Relations was appointed, with the task, *inter alia*, of examining the constitutional allocation of governmental burdens, the past results of such allocation and its suitability to present conditions and the conditions that are likely to prevail in the future.

The Canadian Welfare Council made substantial submissions to the Commission in the area of the social services. The Commission's Report contains implications of vital import to the social services. Only one of these appears to differ with the Council's proposals.

The Report recommends the assumption, not only of the costs, but of full control of the administration of all aid to the able-bodied unemployed in need, insured, fallen out of insurance, or non-insurable. The Council's submission is that need and aid among those never or no longer eligible for insurance benefit should be ascertained and administered through the same welfare services dealing with all other aid, assistance or relief at need within the same area, even though actual payment and costs might be routed through Dominion channels.

Whatever the detailed administrative re-alignments involved, there is a task of patience and years, before all Canadians of goodwill, in working out a better integration and more comparable and equitable standards of opportunity and protection for all our people, without prejudice as to their geographic or occupational position. The Canadian Welfare Council believes that nothing but good can follow upon a careful analysis of what the Report really does suggest in the extension or adaptation of our welfare services, and frank appraisal of the administrative problems involved therein. Such an examination, from the angle of practical experience, by administrators in the field may indicate, as feasible, possible alternatives, even if only as a halfway process to ultimately fundamental changes. The Council has, therefore, arranged through a special Sub-Committee* for a series of six memoranda, dealing with various phases of the Report's implications for the welfare services.

*For personnel, see inside back cover.

No. II—ADMINISTRATIVE IMPLICATIONS RE UNEMPLOYMENT
INSURANCE, EMPLOYMENT SERVICES, AND UNEMPLOYMENT AID

by

DR. L. C. MARSH AND MISS CHARLOTTE WHITTON

For each monograph in the series, a particular member or a sub-committee of the general committee has accepted major responsibility, the final draft representing the judgment of the Committee as a whole. The preparation of this monograph was entrusted to Dr. Marsh and Miss Whitton, with Miss Dorothy King consulting. It is assumed that this monograph will be read in conjunction with No. I—The Rowell-Sirois Report and the Social Services in Summary, by H. M. Cassidy,
B.A., Ph.D.

CONTENTS

| | PAGE |
|---|------|
| Introductory | 3 |
| Unemployment Insurance | 3 |
| The Employment Service | 6 |
| Aid to the Employable Unemployed | 9 |
| What is Meant by Dominion Responsibility? | 11 |
| Possible Reconciliations in Administrative Problems | 14 |
| Estimated Relative Volumes in Measurements of Employable and Unemployable Categories of Dependency | 19 |

Administrative Implications

re

Unemployment Insurance, Employment Services, and Unemployment Aid

IT is universally recognized, by the public at large, by governmental authorities, and, not least, by the Rowell-Sirois Commission and its research staff, that unemployment is a key problem, both financially and administratively, in the vast field of governmental responsibilities with which the Commission had to deal. The essentials of the Commission's plan, so far as unemployment is concerned, are:

- (1) A national scheme of unemployment insurance;
- (2) A national employment service, controlled and administered by the Dominion;
- (3) Acceptance by the Dominion of responsibility for the cost of aid for the employable unemployed, the provinces and their municipalities to be "responsible" for public assistance for all groups and individuals who do not come under the Dominion's definition of this classification;
- (4) The Dominion to have "full control of administration of unemployment aid."

After so long a period of doubt and confusion, which was partly removed by the work of the National Employment Commission, the mere enunciation of these principles is a great step forward. For the Commission is one of the most authoritative and comprehensive bodies ever appointed to advise a Canadian government. But every one of these broad lines of policy raises administrative considerations of the utmost importance. To take only the most fundamental questions which have to be answered under each head is to see that each line of policy runs across the others at one point or another so that, *administratively*, the reorganization must be planned as a whole and its details dovetailed together with great care.

UNEMPLOYMENT INSURANCE

This no longer raises constitutional questions; and it is now the unchallenged law of the land. The principal matter to be studied, from the present special point of view, is the coverage of the scheme. What groups of workers are left out? Obviously those who come within the scheme at all are *ipso facto* employable, and, as such 100% eligible for Dominion aid as "employable unemployed", in any case of exhaustion or failure of benefit under unemployment insurance.

But there remain:

- (a) those workers whose periods of employment are so irregular that they will be unable to accumulate enough qualifying contributions (at least 30 weeks in two years) to be eligible for benefit, and
- (b) workers in the occupations specifically exempted in Schedule I of the Unemployment Insurance Act, 1940.

(a) THE POSITION OF
THE IRREGULAR WORKER

The irregular workers cannot be set aside automatically as unemployable or non-able-bodied. Some of the casual workers may be on the margin of employability; on the other hand, some of the seasonal workers may be completely able-bodied, yet only in the labour market during certain months of the year. Undoubtedly, once the scheme comes into operation, the regulations made by the Insurance Commission to govern the various special and marginal cases will assist greatly in clarifying and defining the employable—or rather, the insurable employed; there are a number of clauses in the Act which have wisely provided in advance for this.

But when this process of definition is completed, some able-bodied workers will certainly be excluded; or, if not excluded entirely, they may be insufficiently provided for in the event of unemployment, and, therefore, a dependent responsibility for either provincial or municipal government.¹

(b) THE WORKER "IN
EXCEPTED EMPLOYMENTS"

The occupations specifically excepted in the Act include:

- (a) Employment in agriculture, horticulture and forestry.
- (b) Employment in fishing.
- (c) Employment in lumbering and logging, exclusive of such saw mills, planing mills, shingle mills and wood-processing plants as are in the opinion of the Commission reasonably continuous in their operations.
- (d) Employment in hunting and trapping.
- (e) Employment in transportation by water or by air and stevedoring.
- (f) Employment in domestic service, except where the employed person is employed in a club or in any trade or business carried on for the purpose

ERRATUM—"EXCEPTED EMPLOYMENTS"

After (f) read:

"(g) Employment in a hospital or in a charitable institution where in the opinion of the Commission such hospital or charitable institution is not carried on for purpose of gain."

Then clause (g) should be (h), (h) should be (i), etc.

In new clause (i), read for last word "agency", "capacity".

In new clause (n), line two, read for "per year", "a year", and delete the word "such" before "employment", in the same line.

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(k) Employment—

- (i) in the public service of Canada under the provisions of the Civil Service Act; or
 - (ii) in the public service of Canada or of a province or by a municipal authority, upon certification satisfactory to the Commission that the employment is, having regard to the normal practice of the employment, permanent in character.
- (l) Employment as an agent paid by commission or fees or a share of the profits, or partly in one and partly in another of such ways, where the person so employed is mainly dependent for his livelihood on his earnings from some other occupation, or where he is ordinarily employed as such agent by more than one employer, and his employment under no one of such employers is that on which he is mainly dependent for his livelihood.
- (m) Employment at a rate of remuneration exceeding in value two thousand dollars per year or in cases where such employment involves part time service only, at a rate of remuneration which, in the opinion of the Commission, is equivalent to a rate of remuneration exceeding two thousand dollars a year for full time service.
- Provided that any person in respect of whom contributions have been paid as an insured person for two hundred and sixty weeks may continue as an insured person notwithstanding anything in this paragraph contained.
- (n) Employment of a casual nature otherwise than for the purpose of the employer's trade or business.
 - (o) Employment of any class which may be specified in a special order made by the Commission, and declared by the Commission to apply for the purposes of this Act, as being of such a nature that it is ordinarily adopted as subsidiary employment only and not as the principal means of livelihood.
 - (p) Employment in the service of the husband or wife of the insured person.
 - (q) Employment for which no wages or other money payment is made, where the person employed is the child of, or is maintained by the employer.
 - (r) Employment in which persons are employed and paid for playing any game.

Not all of these workers are excluded for the same reason: and the logic of a few of them (such as hospital employees, for example), may be contested, but, fairly clearly, some (such as longshoremen) are kept from the present scope of the scheme, obviously because of their heavy seasonality, some (such as farm workers) presumably because of the administrative difficulties their inclusion would entail, some (particularly government employees) because their employments are more or less permanent. The last group, only, do not raise unemployment relief problems: for the others, employability or able-bodied status will have to be defined in some other way than automatically through the Unemployment Insurance Act, and their numbers are substantial. Among them, there are probably 400,000 in the extractive industries, and at least 150,000 in domestic and personal service, including hospital employees.

THE EMPLOYMENT SERVICE

Three important matters of policy must be considered here. They are all interrelated, but separate statement helps them to be more clearly understood.

(i) *Establishment of Employability.*

First, the Employment Offices are obviously the most suitable medium by which the definition and demarcation of the "employables" may be effected. To perform this function, however, they will have to embrace a much wider section of the labour force than even the Unemployment Insurance Act necessitates. This means that efficient expansion and staffing of the Service is vital not only because it must administer the Unemployment Insurance Act, but also because it must be the agency continually determining the work status of a large group of Canadian citizens.

The insurable unemployed are *ipso facto* a Dominion responsibility; but there are also the non-insured occupations, and there will always be a shifting total of marginal cases. Insofar as the Employment Service deals with these, and it must to a very large extent, it is an essential part of the machinery for the implementation of the Rowell-Sirois recommendations. It is extremely important to recognize this.

EMPLOYMENT EXCHANGES The paramount work of the Employment Exchanges is, of course, first, that of *placement*. No effort should be spared in improving their premises, procedures, selective techniques, and prestige among both employers and workers; and to load them with office duties of registering, issuing of employability vouchers, etc., without ensuring them adequate freedom in other respects to build up their placement capacity, would be a fatal error. It is not to be thought, therefore, that issuing certificates of employability, or some such procedure, is here envisaged, as a *key* task of the Exchanges in this administrative set-up; but rather that the only practical test of an individual's employability is the *continuous opportunity of being offered a job which it is reasonably within his capacity to fill*.

In other words, employability is not something absolute, but a functional definition. It might conceivably be determined on purely physical grounds, though not without a machinery (of elementary medical inspection, etc.) which would be too elaborate for continuous operation; but this, in any case, might miss the main point. Except for absolutely unskilled manual labour, employability relates to certain *occupational capacities*. They may be, and usually are, both specific and general in character, but they are relative for every individual or, at least, for occupational groups. What matters

most, however, is that these are essentially the kind of thing which it is the special work of a placement agency to assess.²

Secondly, it is a point of the highest importance that the creation of employability calls for *training provisions and for rehabilitative measures*. There are many categories of unemployed persons whom it is possible to fit for employment, provided that the necessary funds and personnel are made available for this intensive but well-rewarded type of placement.

Thirdly, the importance of *transfers* of labour which may increase or actually create employability in certain respects, must be borne in mind, because such work may be a principal task in which the Employment Service is called on to help.³

Another aspect of the concept of employability, which makes it clear that employability, may be essentially a matter of administration, is so important that it should be quoted here. This is clause 31 of the Unemployment Insurance Act, 1940.

An insured person shall not be deemed to have failed to fulfil the third statutory condition by reason only that

- (a) he is attending a course of instruction or training approved by the Commission in his case; or
- (b) he has declined
 - (i) an offer of employment arising in consequence of a stoppage of work due to a labour dispute; or
 - (ii) an offer of employment in his usual occupation at wages lower, or on conditions less favourable, than those observed by agreement between employers and employees, or failing any such agreement, than those recognized by good employers; or
 - (iii) an offer of employment of a kind other than employment in his usual occupation at wages lower, or on conditions less favourable, than those which he might reasonably have expected to obtain, having regard to those which he habitually obtained in his usual occupation, or would have obtained had he continued to be so employed;

Provided that after the lapse of such an interval from the date on which an insured person becomes unemployed as, in the circumstances of the case, is reasonable, employment shall not be deemed to be unsuitable by reason only that it is employment of a kind other than employment in the usual occupation of the insured person, if it is employment at wages not lower and on conditions not less favourable than those observed by agreement between employees and employers or, failing any such agreement, than those recognized by good employers.

²In illustration of another important angle to the concept of employability, in relation to the right of unemployment benefit, which is essentially a matter for Employment Exchange administration, certain clauses from the Unemployment Insurance Act are reproduced above.

³E.g., if a national drive on the bottlenecks created by shortages of certain specific occupations is inaugurated. (It is obvious that, looking to the future, i.e., at the close of the war, this will be a function making the most exacting demands on the Service.)

(ii) *Separation of Placement and Insurance*

It is a well established verdict of experience that, in the interests of their own efficiency, the Unemployment Insurance administration and the Placement (or Employment Bureau) section of the Service should be two separate departments. Every means for providing *liaison* and securing co-operation must be established, of course. But if the office staffs, without proper segregation, are swamped with insurance details, their placement work is bound to suffer. If the bureaux must also determine employability (and their test, that of offering a specific job, is the only final one), it is doubly necessary to provide for sufficient staff and plan carefully the reorganization of the regional and local offices.

(iii) *One Inclusive Dominion System or Supplementary Provincial Services?*

Cutting radically across both of the previous questions is the one: is there to be one Dominion service, or a duplicated series of offices? The text of the Rowell-Sirois Report specifically suggests that the new national service should be established "without prejudice to the right of the province to continue or develop an employment service of its own",⁴ and adds that "such a provincial service would be essential to deal with those unemployed not in receipt of aid from the Dominion (e.g., partially employables) but . . . the Dominion might undertake such services for any province by arrangement, presumably for reimbursement for costs of services rendered". If this statement of the situation were intended to leave the way clear for provinces who wish to develop their Employment Service beyond the average Dominion standard (e.g., in such matters as vocational guidance, training, organized job-canvassing, informational services), it could be accepted as completely desirable. But the wording seems to have been adopted in conformity with the general division line between employables and unemployables.

To meet its obligations, the Dominion has to set up offices only so far as they are needed to serve workers eligible for unemployment insurance benefit and/or other Dominion aid—that is, all able-bodied employable persons, insurable or not. Other groups (e.g., physically handicapped persons, some casual and seasonal workers) might be catered for by auxiliary provincial offices. Granted a full measure of co-operation between Dominion and provinces, this division of labour might be quite feasible and valuable. If the reorganization is not carefully worked out, however, the successful functioning of the Employment Offices could be seriously impaired. Administrative efficiency alone would counsel against any duplication which was confusing to the clients concerned, i.e., the unemployed, and employers.

⁴Book II, p. 25.

DOMINION RESPONSIBILITY FOR AID TO THE EMPLOYABLE UNEMPLOYED

The division proposed by the Commission (of Dominion assumption of the costs of aid to the able-bodied unemployed, and provincial-municipal liability for dependency due to other social causes) is quite a defensible one. The logic of it is that involuntary unemployment in the modern industrial or economic sense,—i.e., the lack of jobs for men able and willing to work—is a problem which calls for the resources of the largest governmental agency available, whereas local indigency and other forms of dependency can be left to the secondary units of government.

Nor would it be valid to criticize the plan on the ground that employability and eligibility cannot be defined once and for all. The Commission recognizes that the basic definition, presumably to be laid down by Dominion statute, would be subject to change; and also recommends the establishment of local quasi-judicial boards to hear and decide appeals from rulings applied to individuals by municipal or federal agencies.

It is not so much the logic of these relative responsibilities as the problem of administration, which raises difficulties. Who decides that a worker is employable? The proposed Dominion aid agency or the unemployment exchange? If the aid agency, cases of divergent ruling as between the agency and the exchange will be among those which will come up for adjudication to the appeal board. It is possible that this type of appeal board might be merged with the judicial machinery of the Unemployment Insurance Act (particularly the regional courts of reference). Since it should be easy to provide for adequate provincial representation in these courts, this should be feasible.

Much depends on the efficiency of day-to-day settlement of marginal cases. But some general principles need to be laid down for the major divisions of dependency due to unemployment. The line is not a single one between the employable and the unemployable. So far as heads of families and adult individuals are concerned, there are three main categories:

1. The able-bodied insurable; (both in receipt of insurance benefit and whose benefits have expired);
2. The able-bodied non-insurable; (who have never been insured or insurable but are without work and in need);
3. The non-able-bodied non-insurable;

of which the first two are to be the Dominion's liability, and the third is to be a provincial and/or municipal responsibility. These divisions, however, carry with them responsibility for dependents, presumably, insofar as unemployment is the cause for aid.

Since Unemployment Insurance provides only to a very limited extent for dependents' provision will be necessary for another category:

| | |
|--|--|
| 1a. ABLE-BODIED INSURABLE ON INADEQUATE BENEFIT | Able-bodied insurable whose benefit payments are not sufficient to provide for their dependents. |
|--|--|

These may be not only low-wage and/or large family groups, but persons with dependents other than wife and children, the only dependents provided for in the unemployment insurance scheme.

Presumably, these must be regarded as a Dominion responsibility under the terms of recommendations of the Report.

| | |
|-------------------------------------|---|
| 1b. INSURABLE "OUT OF" INSURANCE | At least in the future, there still remains a decision for the care of a further group,—previously insurable persons (and their dependents) whose rights to unemployment benefit are exhausted. |
|-------------------------------------|---|

These according to the Rowell-Sirois Report, as well as all dependents of workers in Category 2, that is, the able-bodied non-insurable, would also be a Dominion liability.

Administration for these groups must not only be co-ordinated, but,—if the recommendations of the Commission are to be followed strictly—are to be set up solely by the Dominion.

All dependents, as well as all other persons in Category 3 (non-able-bodied non-insurable), would, as at present, be clearly provincial or municipal responsibilities. They are not really one category but include several types of dependency, helped under different types of legislation. It is important that this be taken into account when the Dominion definition of "employables" is being established.

So far as Dominion administration *per se* is concerned, the simplest method of dealing with all these exigencies under categories 1a, 1b and 2 would be to have one Supplementary Aid agency—presumably a Canadian adaptation of the Unemployment Assistance Board, created by Great Britain in 1935. But the *pros* and *cons* of such a major step in the administration of unemployment dependency need to be carefully considered on a wider plane of reference. UAB in Britain has been one of the most controversial innovations, even in that country of long experience in social legislation and solidly established central-local government relations. It is considerably more complex in application in a federal country.

⁵This feature of the Canadian unemployment insurance scheme can be defended. It is not a function of unemployment insurance, as such, to attempt to redress the inadequacy of current wages for relatively large families; the scheme will function much more efficiently, and its solvency be easier to protect, on its present basis. It is administratively desirable that the special dependency problem of large families (or of low wages) should remain a problem of supplementation, rather than be obscured by opening up the boundaries of the unemployment insurance scheme; and equally desirable that unemployment insurance be clearly seen in its proper role, namely, an extension of the *wage* system, not of the relief or indigency system.

WHAT IS MEANT BY DOMINION RESPONSIBILITY?

Much—perhaps everything—depends on the interpretation of “administration” in the principle enunciated that the Dominion is to have “full control of administration of unemployment aid”; this does not necessarily involve the setting up of a series of Dominion agencies for the payment of unemployment dependency allowances alongside provincial or municipal agencies. Is it not likely to be not only much more efficient, but much more workable in a federal environment, if it means that the Dominion, in providing the funds, will set the *standards* under which the funds should be disbursed? The standards may, (and should be) reinforced by inspection, audit, and other safeguards. This could be accomplished without the necessity of a Dominion administrative unit, for the assessment of need.

The sorting out of the categories of unemployment dependency is badly needed. Because they are complex, this is no argument for resisting the new demarcation of responsibilities and its attendant machinery altogether. Dominion leadership and federal co-ordination were the elements most lacking in the last ten years during which local administrative arrangements have been painfully and often reluctantly set up all over the country. It would be deplorable, indeed, if co-ordination were now prevented on the ground that Dominion leadership was too strong but there is much to be said for a large share of provincial participation in sorting out the various categories of dependency for aid and service. The right course is surely

- (a) to retain the best among the various provincial administrations, and to improve others;
- (b) to codify the conditions of unemployment dependency aid as completely as possible, in the first instance, at least, by appropriate technical committees composed of Dominion, provincial and municipal officers and experienced executives from large voluntary agencies who have had actual experience in unemployment dependency administration in various fields; and
- (c) to reorganize Canadian unemployment aid administration on the basis of Dominion standards, to be laid down for all matters in which the Dominion provides the finances, but to be implemented by provincial governmental units (unless a province specifically arranges to transfer some particular function to the Dominion).
- (d) To work out this reorganization in the light of the new categories and divisions brought into operation by unemployment insurance and the general division of responsibility enunciated in the Rowell-Sirois recommendations.

Among the details which demand, most imperatively, careful study, preferably in collaboration of the Dominion with the provincial, municipal, and auxiliary voluntary services, are;

- (1) Minimum standards of local administrative agencies themselves; including personnel and procedures, comparable to those which have been set up, e.g., for the U.S. Employment and Social Security Services, with appropriate manuals and regulations;
- (2) Standards of aid allowances. Variations and anomalies in the maintenance allowances paid to the unemployed have been, and still are, an outstanding subject of criticism in the relief set-up. Co-ordination is now needed not only in relation to standards of nutrition, health and welfare; but in relation to unemployment benefit rates, and wage levels; taking into account, of course, variations in levels which are inherent in the regional circumstances of particular parts of the country.
- (3) Provisions to secure uniformity of residence qualifications for the receipt of unemployment aid, and without disruption of residence provisions in those other areas of help left to the provinces and municipalities. Some provinces have made progress in standardizing municipal regulations, but national co-ordination is the only means of a basic solution of this serious matter.

Obviously, British and American, as well as Canadian, experience should be taken into account in accomplishing these tasks; especially the experience of the working of the Unemployment Assistance Board in the United Kingdom. It is far better that these matters be studied as aids in the formulation of Canadian administrative techniques, than that attempts should be made to use them to bolster an argument one way or another, against either "centralization" or provincial autonomy." The supreme opportunity offered by the Rowell-Sirois review of Canadian government is the opportunity to get these matters on to a technical plane and away from one of makeshift and political bargaining.

* * *

In the United States, the Committee on Social Security recently published one of the most careful analyses yet made of the best of British and German unemployment legislation, and its lessons for North American administration (*Social Insurance Co-ordination*, by C. A. Kulp; Social Science Research Council, Washington, 1938). Its conclusions, which are most relevant here, are well worth quoting:⁶

"Unemployment Assistance (in Britain) offers a valuable precedent for American study. Politics of the partisan sort has

⁶*Op. cit.*, p. 281-2.

been taken out of unemployment relief administration, occasional local incompetence has been replaced by a central organization with civil service personnel. Of course, nobody would recommend copying for this country this completely centralized organization for unemployment relief. But we should be at work on a permanent plan for unemployment relief, one which will be co-ordinated on one side with unemployment insurance and on the other with residual relief. It is essential, to assure organizational and actuarial-technical co-ordination, that the federal government exercise every last degree of supervisory control consistent with federal-state amity. It will have to provide the sinews of the next war on unemployment; it should see that it gets its money's worth in the highest possible organizational and administrative standards, particularly personnel. Contribution of federal funds demands federal supervision of unemployment relief administration. This does not mean administration by the federal government. *That* is out of the question. It does demand effective federal supervisory control. We start without Britain's superb civil service and without the British government's solid reliance on British preference for central administration or control. We start with a still general reluctance to trust government, and particularly the government bureaucrat. It is all the more important that we capitalize whatever virtues and advantages we have; the ingenuity that has not usually failed us in other fields, the increasing reliance of the states on the federal Treasury."

POSSIBLE RECONCILIATIONS IN ADMINISTRATIVE PROPOSALS

To sum up, the immediate situation, placed before all citizens and all levels of government by these fundamental proposals, leaves us with one question:

How can all Canadian effort,—Dominion, provincial, municipal—be now best integrated, and made effective in bringing nothing short of our entire strength to the assurance of self-supporting maintenance to our primary producers; of gainful occupation to our wage-workers; of reasonably decent minimum standards of aid and assistance to those who fall into need through general economic disruptions of the social structure, or through individual casualty?

Reviewing the challenge of the present situation in the light of these preceding pages, the Rowell-Sirois Report visualizes the organization of production and employment opportunity on a national scale; contributory measures of social insurance on the same scale, and the costs of aid of the able-bodied, (in failure of these other lines of protection), as being carried nationally, also.

The implementing of these recommendations envisages a National Employment Service, and a National Insurance Service, both highly technical bodies, one specializing in occupational and placement services, the other, financial and actuarial. Obviously, their responsibilities in function and service call for personnel and procedures, markedly different from these involved in the third area of proposed Dominion liability,—aid at need to the able-bodied, without employment and without benefit by contractual right, under insurance. Direct Dominion discharge of such services would call for a new administrative service, on a Dominion-wide basis, in this field.

Especially when war needs and war production will mean active service or gainful occupation for the overwhelming number of the formerly unemployed able-bodied, the major loads and liability in service and function, and so in personnel and procedure, in ascertaining and providing help at need will rest with the units of government, left with responsibility for all other forms of dependency. This latter responsibility is placed by the Report in the social assistance services of the provinces and municipalities (for aged, blind, general handicap, dependency, child care, and help to other than the able-bodied).⁷

Here, indeed, it has rested throughout Canadian history, and, for its discharge, provincial and municipal governments have been slowly building up gradually improving standards and services in public welfare. All the provinces of Canada, but one, now have a

⁷For relative burden in numbers and costs of (1) insurable unemployed, (2) able-bodied in need of aid, as non-insurable, or fallen out of insurance, (3) all other categories of assistance or relief, see p. 19.

provincial department or division handling the welfare and assistance liabilities of the provincial authority. The larger municipalities across the Dominion, in the last decade, have created municipal welfare services, while special provisions, under provincial supervision, or, in some cases, under direct provincial administration, have been evolving in smaller and rural areas. With but few exceptions, these provincial-municipal services are responsible for all aid, assistance, or relief at need, regardless of the primary cause of that need.

On this matter of administration for unemployment aid, the Commission recommended "that all doubts should be removed as to the power of the Dominion to pay and administer unemployment aid, and to establish a national employment service" (Book II, p. 25).

Dealing specifically with administrative provisions, it said: "*Administration of Unemployment Aid.*—The functions of a national employment service would not only be those of redistributing labour in accordance with the opportunities for work; we think that at the outset at least it could conveniently form the core of the administrative service for administration of unemployment aid, and of unemployment insurance if this were established. It is thus essential that an efficient and adequately staffed service be instituted. The assumption of administration of unemployment aid should not involve the establishing of a great many more offices than now exist under the provincial employment services. Unemployment during the past decade has been concentrated in industrial areas, in most of which provincial employment offices now exist. The division of the staff dealing with relief could be expanded or contracted in these centres as employment fell or rose, as in the case at present in municipal administration of relief. As for aid for employables in rural or village communities remote from industrial centres, this, we think is relatively a minor problem, and might be dealt with by using local or municipal institutions dealing with unemployables as agencies for relief for employables. We think that an inspection and audit system could be devised to afford adequate protection for the Dominion's interests in communities where the problem of relief for employables was not sufficiently large to warrant a local office of the Dominion service." (Book II, p. 26).

It would appear, therefore, that alternative administrative procedures should be examined for ascertaining and distributing help at need to the able-bodied unemployed:

- (a) One, requiring a completely new set-up within the Dominion Services, and supplementing, but not necessarily ancillary to, the Employment or the Insurance Services, for aid at need to the able-bodied, not in receipt of insurance benefit; and

- (b) One, presumably the co-ordination and continuance of existing provincial-municipal welfare services, at present administering all help, on the basis of need, to able-bodied as well as to all others. But upon creation of any Dominion administration for issuance of aid to the able-bodied these existing services would be restricted to administration of assistance and relief, to other forms of dependency.

Both these systems of help at need would call for exactly similar qualifications and procedures in personnel and administration.

Is it, therefore, necessary to contemplate that Dominion "control of administration", within the terms of the Rowell-Sirois Report, means direct Dominion assumption and administration of such services, extending down to the smallest centres of employment, in a country whose economic and geographic distinctions means that comparable aid will vary markedly in schedules, as between urban and rural, and differing occupational groups?

In fact, is it possible for a Dominion administrative unit, (or for any administrative unit but that of local areas themselves), to have the general public accept schedules, 100% chargeable to the national treasury, that, if just, will differ widely in dollars and cents for family groups of the same size and composition, in cities, towns and rural areas, and in the same occupations, in different parts of Canada? These would all have to be described as "Dominion rates", since chargeable to the Dominion, yet would have to be widely different.

Or, can these two similar services be reconciled?

Administrative Requirements of Dominion Aid and of Provincial-Municipal Assistance and Relief Identical

Whatever the ultimate set-up, are the immediate personnel and administrative requirements for the granting of any such Dominion aid at need not identical with those requisite for adequate, economical and efficient issuance of provincial and municipal assistance and relief in the same areas?

This being the case, would it not be practicable to explore the possibility of arrangements whereby there might be Dominion-provincial-municipal agreement on:

I. MINIMUM BUDGETS AND COMMON PROCEDURES IN ADMINISTERING AID, ASSISTANCE, OR RELIEF?

This would require:

- (1) the compilation of *Minimum Standard Budgets* for family units of differing size, and for individuals, and varying over different areas, and occupational groups, but recognized by all three levels of government in the granting of aid or assistance or relief at need.

- (2) *Minimum Procedure Standards* for the investigation, recording and provision of actual aid or assistance or relief at need, also recognized by all three levels of government, but differing with the demands of different units of population and areas served.
- (3) *Minimum Personnel Standards*, applying to the qualifications and appointment of all staff, handling the administration of any type of aid or assistance or relief at need.

II. CO-OPERATIVE ADMINISTRATIVE AGREEMENTS?

- (1) By these, in any unit which conformed with these Minimum Standards, the Dominion authority, in all applications for aid at need on the part of able-bodied unemployed, not covered by insurance benefit, or with benefits exhausted,
 - (a) would arrange to have all services, as to investigation of need, and actual issuance of voucher, routed through these local welfare services, *but*
 - (b) would retain actual issuance of aid on that voucher, within the accounting and disbursing offices of the Insurance Commission (as is English practice in the administration of assistance, recommended by the Unemployment Assistance Board),

Under such an arrangement, the ascertaining of employability and all information relevant to the work possibilities of the applicant, would remain the responsibility and within the actual services of the Dominion Employment Service and its placement facilities. As and when certified as able-bodied and employable, the applicant, claiming to be in need, would be referred directly to the co-operating welfare service for inquiry, service and reference back to the Dominion Insurance Office with report as to the actual need, amount and provision of aid.

The grant of actual aid to the individual would thus be met and controlled, 100%, by Dominion authority, but would be so prescribed as to vary with the local conditions, recommended by the recognized local welfare authority, handling all other forms of assistance and relief at need in that area, and regularly reviewed and accepted by the Dominion, as feasibly applicable to the need of the idle able-bodied.

Under such a working procedure, the verification of *employability* would be the function of one unit, the best equipped to perform it, namely, the Dominion Employment Exchange. The ascertainment and

verification of *need* would be the function of another unit, also the best equipped to perform it, namely, the public welfare service of the province, with the municipal welfare services, organized and functioning locally, under its legislation and supervision. The actual disbursement of *funds* by way of *aid to the able-bodied*, at Dominion cost, would be made only by the agency best equipped for such control, the Dominion office, administering unemployment benefit.

Dual administrative units for parallel services, investigating individual social need, would thus be avoided, and the necessity of an entirely new system and duplicating administrative costs of a Dominion aid agency be eliminated.

The provincial-municipal welfare services, already in existence, will still be required in any case, for the administration of all other assistance and relief at need. Their over-all administrative costs are a matter of record and audit, and (as is at present the practice in England whereby the Assistance Board pays for certain administrative work done by other units) the proportionate cost involved for these regular welfare services in the actual investigation of social need for Dominion beneficiaries could be ascertained and reimbursed on a unit or per capita basis, through the appropriate provincial and municipal channels.

- (2) Could such administrative partnership be agreed upon, each province would undertake to enact minimum comparable legislation, covering the creation of a provincial administrative welfare service, supervising all aid at need, and the general operation of charitable and benevolent services, within the province, differing in its relations with the auxiliary voluntary services, as differing conditions within the respective provinces dictated.⁸
- (3) Where the legislation and administration within any province, or unit thereof, failed to conform with the minimum standards, budgets and procedures, prescribed by the Dominion authority for administration of aid to the able-bodied, the Dominion would set up its own direct administrative unit and services for this purpose, within the area concerned.

III. DOMINION ADVISORY AND DEFINITIVE SERVICES?

For the furtherance of agreement on these minimum standards, budgets and procedures, the Dominion authority would provide, in some appropriate service, possibly auxiliary to the Secretariat on Dominion-Provincial Relations, a technical consultant committee, with minimum technical staff, to serve as the liaison body with the

⁸For which see Monograph No. III, in this series—Minimum Requisites in Provincial Public Welfare Services.

Dominion Insurance Commission, on the one hand, and the provincial and municipal welfare services, on the other, in the enunciation of standards, procedures, etc., and in the review of all problems of adjustment which might arise.

Provision would also be made for the location, in the major units of the Employment or Unemployment Insurance Service administration, as the case might be, of Dominion inspectional staff, to confer and report upon questions that might arise between the local welfare services in the investigation and recommendation of aid to the able-bodied and the Dominion services handling its actual payment; and to report, from time to time, upon standards and procedures, and generally to serve as liaison staff.

* * *

It is believed that such a co-ordinated partnership might give effect, at this time, to the major implications of the Report, with least duplication or disruption of existing public welfare and auxiliary voluntary services, and in no way prejudice an ultimate entire assumption by the Dominion, of all administrative controls as well as costs of aid to all able-bodied in need, were that found finally necessary.

II A. A supplement to this monograph attempts to ascertain the relative volume of insurable persons, insured persons in receipt of benefit, and able-bodied persons in receipt of aid for whom responsibility would rest with the Dominion authority.

II B is a statement, estimating the numbers of persons who would be the responsibility of provincial, municipal, and voluntary agencies, providing assistance, relief, and case work services.

A brief summary of II A and II B follows.

ESTIMATED RELATIVE VOLUMES OF PERSONS INSURED. OR ON AID, ASSISTANCE, OR RELIEF

The respective inclusive totals of persons, to whom unemployment benefit, aid, assistance, or relief might be extended under some one, or a combination of these respective social provisions would appear to be:

1. *Insured*—

The estimates of the Dominion authorities is that wage earners to the number of 1,976,000 will be insurable under the present legislation, allowing for excluded classes, seasonal workers, etc., out of the wage-earning force of nearly 2,950,000 as of October, 1940. The number of these eligible for aid in individual, occupational, or any heavy general lay-offs will vary with eligibility under contractual terms of the Act. The actuarial calculations, made for the original act of 1935, allowed for an unemployment incidence of 10.6%. At this maximum of insured wage workers the peak load under benefit would be 200,000 to 240,000 workers but this would be for varying periods of maintenance depending on the previous continuity of employment and the number of contributions of each worker.

II. *Able-Bodied Unemployed*—

Persons insured, but ineligible for benefit because of lack of the minimum number of contributions to benefit thereunder, or because of exhaustion of benefit, will be eligible for aid, on the same basis as the uninsured. Registered unemployed adult

worker types have averaged 200,000 in the three years 1937-39; 300,000 in 1933, (peak 350,000) and at the lowest 130,000 to 150,000 in the autumn of 1937. Winter fluctuations have added as many as 100,000 to the autumn levels. A total of 37,000 at least, covering unemployed, helped by other than material aid, would also enter into calculations. Persons "getting by" now on partial help, under care of voluntary services, relatives, etc., and certain to be on aid if any general plan were available, or in any marked unemployment would add from 20 to 30,000 to these totals.

The costs of provisions for these two categories, it is contemplated would be carried by the Dominion, one under the insurance set-up and benefits; the other, wherever administered, at 100% Dominion cost.

III. Unemployable—

The present totals, in receipt of aid include 45,000, definitely classified as fully or partially unemployable. Another percentage of persons, presently classified as fully employable, would almost certainly pass into this unemployable category, by virtue of age, occupation, etc., upon application of any effective test of employability. Various calculations suggest that this inclusive total of all unemployables, falling out of present aid totals as now "fully employable", plus the fully and partially unemployables so classified, would not exceed 100,000 (adult worker type).

IV. Assistance and Relief—(Individuals here include men, women and children)

Major categories, for service to which *administrative facilities* would have to be provided, under provincial, municipal, or voluntary resources, and which therefore should include adequate investigation, home service and supervision set-ups would appear to number:

| | |
|--|--------------------|
| 1. <i>Aged and Infirm</i> | |
| (1) Under Dominion-Provincial allowance (75% Dominion cost)..... | 187,000 |
| (2) Others in custodial or private home care..... | 27,500 |
| | Total..... 214,500 |
| 2. <i>Blind</i> | |
| (1) Under Dominion-Provincial allowance (75%)..... | 5,684 |
| (2) Others .. | 3,554 |
| | Total..... 9,250 |
| 3. <i>Dependent or Needy Mothers and Children</i> | |
| (1) Under provincial allowance..... | 98,500 |
| (2) Others (see also 6)..... | 5,500 |
| | Total..... 104,000 |
| 4. <i>Child Care and Protection</i> | |
| Neglected children, children in need of protection, dependent children in care outside their own homes..... | 36,500 |
| 5. <i>Youth Protection and Delinquency</i> | |
| (Custodial and Protective Services)..... | 12,100 |
| 6. <i>General Assistance, Relief and Indigency</i> | |
| (1) "Municipal" indigents | 12,500 |
| (2) In receipt of voluntary aid in organized communities..... | 16,500 |
| (3) Destitute, provincially assisted in unorganized territory (minimum) | 7,500 |
| | Total..... 36,500 |
| (4) <i>Not relief load.</i> —Supervision service, help, counselling, assistance, etc., but with little relief, and that incidental (or very casual such as meals given at convent doors, partial clothing, etc., in Quebec—) | |
| Total individuals involved in care of voluntary agencies, 82,000 | |
| 7. <i>Non-residents, unsettled, homeless, or transient poor (Maritimes), a total of not more than.....</i> | 9,000 |
| (This is one-tenth only of the estimated maximum at the peak of this problem. See Marsh, "Canadians In and Out of Work", p. 306, Footnote 1). | |
| 8. <i>Hospitalization of Needy and Near Needy</i> —This category breaks into three: | |

PATIENTS AT PUBLIC COST IN:

| Tuberculosis Sanatoria | Mental Care | General Hospitals |
|------------------------|-------------|--|
| 6,000 | 35,500 | 325,000 |
| | | (This category will overlap with all the preceding, and include able-bodied on aid.) |

Also overlapping, with dependent or near dependent categories, but nevertheless involving special services and funds, for their specialized needs would be about half at least of out-patient department clients at the general hospitals in a year, namely 200,000. These would also overlap with the free "in patients."

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